



Agencies that may be able to assist you are:

Los Angeles Police Department, Financial Crimes Division
Real Estate Fraud Unit
150 N. Los Angeles Street
Room #302
Los Angeles, CA 90012
(213) 847-2749

Los Angeles County District Attorney, Bureau of Investigation
Real Estate Fraud Unit
201 N. Figueroa Street, 16th Floor
Los Angeles, CA 90012
(213) 580-3200

California Department of Real Estate
320 W. 4th Street, Suite 350
Los Angeles, CA 90013
(213) 620-2072

California Association of Realtors
525 S. Virgil Avenue
Los Angeles, CA 90020
(213) 739-8200

Los Angeles County Bar Association
P.O. Box 55020
Los Angeles, CA 90055
(213) 243-1525

Department of Corporations
Financial Services Division
320 W. 4th Street, Suite 750
Los Angeles, CA 90013
(213) 576-7500



You may contact the Los Angeles Police Department by calling the following, toll free, at 1-877-ASK-LAPD (1-877-275-5273) or TTY 1-877-275-5273 for the hearing impaired. You may also obtain additional information on this subject, along with additional crime prevention tips, by visiting the Los Angeles Police Department's Web site at www.lapdonline.org and clicking on the "Crime Prevention Tips" icon.

Should you have information regarding a criminal investigation or activity, please contact your local police station or the LAPD crime hotline at 1-877-LAWFULL (1-877-529-3855).

Los Angeles Police Department
Community Relations Section
Crime Prevention Unit
150 North Los Angeles Street
Los Angeles, CA 90012
(213) 485-3134
www.lapdonline.org

Brochure designed by California State University Northridge Graphic Design students and faculty.

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services, and activities.



Real Estate Fraud

www.lapdonline.org



Real estate schemes, scams, and fraud all constitute a form of theft which criminals use to steal your home or real property. Adhering to the principal that a person's home is their castle, this is possibly the most devastating form of victimization. The Los Angeles Police Department will investigate complaints of real estate fraud and the Los Angeles County District Attorney will prosecute these offenders to the fullest extent of the law.

Real estate fraud can take many forms. The information provided in this circular will hopefully serve as an educational tool to help you become more aware of the various forms of real estate fraud and how you can avoid becoming a victim.

TYPES OF REAL ESTATE FRAUD

Con artists may use several methods to swindle you in a real estate fraud scheme. Foreclosure bailout, home equity fraud, home renovation scams, rental fraud, and deceptive timeshare scams, are just a few forms in which real estate fraud may be performed. Below is a description of these forms of fraud:

Foreclosure Bailout

Victims of this form of real estate fraud are generally homeowners who have negative equity, also known as being "upside-down" and owe more money on their home's mortgage than the home is worth. They are caught in dire straits due to the need to sell their home, and must do so at a loss or let their mortgage company foreclose on their

home. At this point a so called "bailout specialist" will offer the victim the opportunity to arrange for a short sale of their home. In this form of fraud, the homeowner usually will be told that for a fee of \$1,000 to \$2,500 the homeowner can deed their home to the bailout specialist and then rent it back. The bailout specialist takes the money, does not arrange for the short sale, and does not make any payments on the mortgage. The ending results are that the home loan payments are not made and the mortgage goes into foreclosure, without the victim being aware of any fraud. Ultimately, the home is foreclosed upon; the victim is evicted, and loses both his home and the \$1,000 to \$2,500 fee charge by the so-called specialist.

Fraud Home Equity & Home Renovation

According to the Council of Better Business Bureaus, home-remodeling contractors ranked slightly behind car salespersons and auto mechanics in generating the most consumer complaints. Be very careful when using your home or your home equity as security for a home improvement loan. Fast talking salespersons will offer to refinance your home at a lower interest rate to provide cash to the homeowner, the cash can be used to pay for home improvements or to pay off bills. Victims are frequently asked to sign blank contracts or contracts that they were not allowed to read before signing. Later, the homeowner discovers that they signed a contract that contains terms in contrast to the originally promised terms. This results in the loss of equity in the victims home, and also they have signed a mortgage in which they have incurred considerably higher interest rates. The homeowner is now faced with a higher mortgage payment, one that they may not be able to afford.

Rental Fraud

Frequently, con artists will rent out a home they do not own. They will locate a vacant or abandoned home, enter the home, change the locks, and then advertise the property as available for rent. The unsuspecting victim rents the property from the con artist, who collects a security deposit and rent from the victim, and then disappears. The victim, who rented the property, is then evicted by the lawful owner and subsequently loses their place to live along with the money they paid for the security deposit and rent.



Deceptive Timeshares

Timeshares may offer to sell membership vacation accommodations. Con artists may make oral promises that are omitted from the written contract. They may also fail to mention fees and obligations that are in the written contract, which are never mentioned orally. These misrepresentations will likely be discovered while signing the contract and are downplayed by the salesperson as only "legal jargon". Victims are not told the extent to which the annual maintenance fee will increase over time, they will be forced to pay special assessment fees, or the difficulty to resale a timeshare.

EFFECTS OF FRAUD

Fraud crime is a personal violation. Although there is no serious physical injury, many victims of con artists suffer emotional harm by losing the following:

- Financial security
- Family home
- Business
- Inheritance
- Retirement savings or children's educational funds
- Professional or personal credibility

Victims of fraud come from a variety of racial, religious, socioeconomic, educational backgrounds, age, and gender. Some swindlers deliberately seek out families that may have limited means or financial difficulties, figuring such persons may be particularly receptive to a proposal that offers fast and large profits. Your first step as a victim should be to report the incident to your local police department. Although you may never see your money again, you can hopefully take some joy in seeing justice done. If you believe that you have become the victim of real estate fraud, please contact your local law enforcement agency.

